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SUBJECT: EMBASSY MINSK WEEKLY REPORT - July 21, 2006

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¶1. The following are brief items of interest compiled by Embassy Minsk.

Elections

¶2. United Opposition Forces Preparing for Early Local Elections

On July 18, Belarusian Popular Front Deputy Chairman Viktor Ivashkevich announced that, despite the government's tentative scheduling of municipal elections in January 2007, a group of allied opposition forces led by former opposition presidential candidate Aleksandr Milinkevich is preparing for local elections to be held as early as November. At a meeting with some members of his former campaign team, Milinkevich himself described early elections as very likely because of rising Russian gas prices and local utility bills. The meeting resulted in an agreement to select possible opposition candidates by the end of July and an agreement to produce a common manifesto identifying fundamental freedoms and the country's independence as their key priorities. Milinkevich predicted that that authorities would unlikely allow opposition candidates to win seats on local councils but described the opposition campaign as a "legal opportunity to talk with voters." The opposition forces will probably nominate between 3,000 and 5,000 candidates for the local elections.

¶3. Grodno Chapters of Opposition Parties Sign Cooperation Deal

On July 19, the Grodno city chapters of the opposition United Civic Party (UCP) and the Belarusian Social Democratic Party (BSDP) "Hramada" signed an accord to conduct a joint political campaign and coordinate the chapters' activities in upcoming local elections. Grodno BSDP Chief Vladimir Kiselevich justified the agreement on the grounds that UCP and BSDP are the only opposition parties that have a strong representation in the region in western Belarus and had cooperated in March's presidential election. Grodno UCP leader Yuri Istomin stressed that the accord does not mean the party's withdrawal from the coalition that supported former opposition presidential candidate Aleksandr Milinkevich. Istomin expressed hope that the Grodno chapter of the opposition Belarusian Popular Front would also join the agreement. However, UCP has drawn criticism from local Milinkevich supporters.

¶4. Liberal Democratic Party to Run Over 3,000 in Local Elections

On July 20, Deputy Head of the Liberal Democratic Party (LDP) Anatoly Khishchenko announced that LDP intends to put forward 3,234 candidates for the municipal elections. Khishchenko said that the party would select some candidates while others will get places on the ballot by collecting voters' signatures. According to Khishchenko, LDP has already formed campaign teams across the country and LDP's local campaigns will run on the same platform and under the same slogan, "For Sovereign, Independent and Prosperous Belarus," as LDP's presidential campaign in March. LDP is generally regarded as loyal to President Lukashenko. LDP leader Sergey Gaidukevich came third in the March presidential election with 3.5 percent.

Civil Society

¶5. Journalist Complains To Justice Ministry About Kozulin Trial Judge

Belarusian journalist and human rights defender Valery Shchukin has filed a third complaint to the Justice Ministry about Aleksei Rybakov, the Moskovsky District Court judge who sentenced former opposition presidential candidate Aleksandr Kozulin to five and a half years of prison on July 13. Shchukin claims that the judge violated the law by clearing the courtroom before pronouncing his verdict. The judge ordered the courtroom empty after Kozulin called him a "hangman" and the politician's supporters started chanting "Freedom to Kozulin." Reporters and diplomats also were removed from the room, with only the prosecutor, Dr. Kozulin's chief lawyer and the court secretary staying to hear the verdict. According to Shchukin, Part 5 of the Criminal Code's Article 308 allows a judge to remove only those who disturb public order.

International Relations

16. Foreign Minister Martynov Visits Kyrgyzstan

On July 17, Belarusian Foreign Minister Sergei Martynov met with Kyrgyz Foreign Minister Alibek Dzhekshnkulov in Bishkek to discuss bilateral relations. Martynov's visit was the first trip of a

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Belarusian foreign minister to Kyrgyzstan. The following day, Martynov held talks with President Kurmanbek Bakiyev and Prime Minister Feliks Kulov on Tuesday. President Bakiyev is scheduled to visit Belarus later this year.

Economy

17. Protocol on Beltransgaz Appraisal Signed in Minsk

On July 20, executives from Belarus' Beltransgaz gas transport company and Russia's Gazprom gas giant signed a protocol on cooperation in appraising of Beltransgaz's assets. According to Belarusian Energy Ministry spokesman Andrey Zhukov, after Belarusian government formally approves the protocol, the Dutch bank ABN Amro will begin appraisal of Beltransgaz's assets. Zhukov expected the appraisal to be complete within four to eight weeks. The agreement followed a meeting in Minsk that included ABN Amro experts, Beltransgaz Director General Dmitry Kazakov, and Belarus' Deputy Prime Minister Vladimir Semashko. Earlier this month, Semashko announced that the Belarusian government would sell controlling shares to Gazprom by the end of the year if Gazprom honors its 2002 promise to sell Belarus gas at the same price charged to Russia's Smolensk province. Earlier this year, Gazprom threatened to raise the gas price from USD 46.68 to USD 200 per tcm.

18. Government Reports Inflation at 3.1 Percent

On July 18, the Belarusian Ministry of Statistics and Analysis reported an inflation rate of 3.1 percent in Belarus during the first six months of 2006. Consumer prices rose by 0.2 percent in June. The government forecasts an annual inflation rate of seven to nine percent by the end of the year. Prices for foodstuffs increased three percent, and the price of non-food goods rose by 1.5 percent. Average consumer services fees rose by 4.9 percent, while fees for housing maintenance and healthcare services rising at the highest pace. Industrial prices and freight transportation rates climbed 4.2 percent and 5.8 percent, respectively, between January and July.

19. Fixed Capital Expenditures Reportedly Up to 37 Percent

On July 18, the Belarusian Ministry of Statistics and Analysis reported that Belarus' fixed capital expenditures totaled USD 3.4 billion in the first six months of 2006, which is 36.9 percent more than in the same period of the previous year. According to the Ministry, 24.8 percent more was spent on construction and installation work, 56.8 percent more on purchases of tools, equipment, and vehicles, and 44.2 percent on production facilities than in January through June of 2005. State enterprises spent USD 1.8 billion in fixed capital expenditures in the first six months of 2006, 45 percent more than the same period of 2005.

Society

110. Belarusian Bug Museum to Open in Grodno Region with UN Grant

A museum of insects will open in Belarus this summer. On display will be more than 1,000 insect specimens, including those of moths, dragonflies, mosquitoes, wasps, bumble bees and drones. The insects were collected by a married couple who graduated from Belarusian State University with diplomas in biology. The Mikanovichs purchased a house in a small village in the Grodno region to set up the museum and received USD 1,000 under the United Nations Development Program for landscaping the adjacent area. The private museum will open to public view following the renovation of the house.

Quote of the Week

111. The international coordinator for the independent media organization "Charter 97," Andre Sannikau, offered this observation regarding the continuation of Lukashenko's regime as an alternative to Belarus' union with Russia:

"I don't consider Lukashenko able to ensure sovereignty. And I don't want to choose between plague and cholera."

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